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LOUIS JETSON FOUNDATION, INC.

BATON ROUGE, LOUISIANA

YEAR ENDED JUNE 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/28/01

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# Donald C. DeVille

CERTIFIED PUBLIC ACCOUNTANT  
7829 BLUEBONNET BLVD.  
BATON ROUGE, LOUISIANA 70810

MEMBER  
AMERICAN INSTITUTE CPAs  
LOUISIANA SOCIETY CPAs

## INDEPENDENT AUDITOR'S REPORT

October 26, 2001

Members of the Board of Directors  
Louis Jetson Foundation, Inc.  
Baton Rouge, Louisiana

I have audited the accompanying statement of financial position of the Louis Jetson Foundation, Inc. (a non-profit organization) as of June 30, 2001, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Louis Jetson Foundation, Inc.'s management. My responsibility is to express an opinion of these financial statements based on my audit. The prior year summarized comparative information has been derived from the Organization's 1999 financial statements and in my report dated October 26, 2001, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provided a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louis Jetson Foundation, Inc. as of June 30, 2001, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report dated October 26, 2001, on our consideration of Louis Jetson Foundation's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted



**LOUIS JETSON FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2001**

(With Comparative Totals for 2000)

	<u>2001</u>	<u>JUNE 30,</u> <u>2000</u>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$4,738	\$4,778
Grants Receivable	11,852	18,075
Prepaid Rent	800	-0-
Fixed Assets, Net	14,471	19,005
Rental Deposits	600	-0-
<b>TOTAL ASSETS</b>	<u>32,461</u>	<u>41,858</u>
 <b>LIABILITIES &amp; NET ASSETS:</b>		
<b>LIABILITIES:</b>		
Credit Line	\$2,900	\$10,924
Accounts Payable	1,565	-0-
Bank Overdrafts	-0-	2,431
Accrued Vacations Payable	7,365	2,202
<b>TOTAL LIABILITIES</b>	<u>11,830</u>	<u>15,557</u>
 <b>NET ASSETS</b>		
Unrestricted	<u>20,631</u>	<u>26,301</u>
 <b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>32,461</u>	<u>41,858</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**LOUIS JETSON FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2001**

(With Comparative Totals for 2000)

	<u>2001</u>	<u>JUNE 30,</u> <u>2000</u>
<b>SUPPORT AND REVENUE:</b>		
Grant Revenue		
Capital Area Human Services	\$110,746	\$102,468
Governor's Drug Free Schools	9,310	30,584
Urban Affairs And Development	127,480	160,853
Snack	3,581	4,493
Baton Rouge Foundation	3,000	-0-
Donations	14,213	6,220
Interest and Other Investment Income	341	28
Miscellaneous Income & Refunds	600	-0-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>269,271</u>	<u>304,646</u>
<b>EXPENSES:</b>		
Support Services		
Capital Area Human Services	120,746	83,356
Urban Affairs	76,600	131,176
Drug Free Schools	23,634	21,072
Other	53,961	70,616
<b>TOTAL EXPENSES</b>	<u>274,941</u>	<u>306,220</u>
 INCREASE (DECREASE) IN NET ASSETS	 (5,670)	 (1,574)
NET ASSETS, Beginning of Year	<u>26,301</u>	<u>27,875</u>
 NET ASSETS, End of Year	 <u>20,631</u>	 <u>26,301</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

**LOUIS JETSON FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2001**

(With Comparative Totals for 2000)

	<u>PROGRAM SERVICES</u>				<u>TOTALS</u>	
	<u>URBAN</u>	<u>CAPITAL</u>	<u>DRUG</u>	<u>FREE</u>	<u>JUNE 30,</u>	
	<u>AFFAIRS</u>	<u>AREA</u>	<u>SCHOOLS</u>	<u>OTHER</u>	<u>2001</u>	<u>2000</u>
Accounting	\$1,758	\$6,333	\$334	\$-0-	\$8,425	\$3,000
Activities	30	-0-	246	-0-	276	-0-
Advertising	241	300	-0-	11	552	1,216
Bank Processing Fees	232	327	166	1,154	1,879	1,012
Books & Publications	280	-0-	-0-	-0-	280	-0-
Contract Labor	100	3,800	1,675	1,412	6,987	3,756
Contributions	189	-0-	-0-	-0-	189	260
Depreciation	-0-	-0-	-0-	6,689	6,689	7,306
Dues & Subscriptions	415	182	5	-0-	602	81
Field Trips	8,728	1,826	551	-0-	11,105	-0-
Food & Snacks	2,411	683	-0-	7,549	10,643	10,774
Gifts	-0-	41	-0-	-0-	41	-0-
Insurance	1,598	2,170	1,032	429	5,229	6,383
Interest	-0-	-0-	-0-	986	986	1,115
Janitorial	397	877	-0-	590	1,864	1,374
Leased Copier	194	690	180	-0-	1,064	1,766
Licenses	300	300	-0-	-0-	600	1,315
Meals	170	117	-0-	1,108	1,395	-0-
Office Expense	3,468	1,422	251	1,411	6,552	9,984
Operating Supplies	2,390	437	299	4,908	8,034	14,876
Payroll Fees	-0-	-0-	-0-	1,259	1,259	1,539
Payroll Taxes	-0-	-0-	-0-	13,711	13,711	18,254
Postage	164	44	68	5	281	138
Professional	1,878	378	-0-	1,000	3,256	-0-
Program Activities	181	-0-	-0-	-0-	181	9,862
Rent	3,600	4,000	-0-	1,618	9,218	9,355
Repairs & Maintenance	1,613	278	-0-	575	2,466	1,889
Salaries	38,388	88,483	18,701	7,674	153,246	178,494
Security	20	180	-0-	20	220	270
Taxes, Licenses & Fee	42	-0-	-0-	41	83	84
Telephone	2,741	3,587	126	526	6,980	6,244
Travel & Conferences	1,812	536	-0-	542	2,890	5,120
Utilities	3,260	3,755	-0-	743	7,758	5,292
Unknown	-0-	-0-	-0-	-0-	-0-	5,461
<b>TOTAL EXPENSES</b>	<b>76,600</b>	<b>120,746</b>	<b>23,634</b>	<b>53,961</b>	<b>274,941</b>	<b>306,220</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.



**LOUIS JETSON FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2001**

(With Comparative Totals for 2000)

	<u>JUNE 30,</u> <u>2001</u>	<u>2000</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Increase (Decrease) In Net Assets	\$ (5,670)	\$ (1,574)
Adjustments To Reconcile Increase In Net Assets To Net Cash Provided By Operating Activities:		
Depreciation	6,689	7,306
(Increase) Decrease In Operating Assets:		
Receivable	6,223	(4,627)
Prepaid Expenses	(800)	3,514
Deposits	(600)	272
Increase (Decrease) In Operating Liabilities:		
Accounts Payable	1,565	-0-
Accrued Vacations	5,164	(5,624)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>12,571</u>	<u>(733)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchase of Equipment	<u>(2,155)</u>	<u>(4,388)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Proceeds from Loans	99,852	36,533
Repayment of Loans	(107,877)	(33,271)
	<u>(8,025)</u>	<u>3,262</u>
<b>NET INCREASES (DECREASES) IN CASH AND CASH EQUIVALENTS</b>	<u>2,391</u>	<u>(1,859)</u>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<u>2,347</u>	<u>4,206</u>
<b>CASH AND BANK OVERDRAFTS, End of Year</b>	<u><u>4,738</u></u>	<u><u>2,347</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT.

LOUIS JETSON FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

**NOTE #1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Louis Jetson Foundation, Inc. (Foundation) is a Louisiana non-profit corporation established in March 1993 and is duly licensed by the State Department of Health and Hospitals to operate various social services programs. The mission of the Foundation is to facilitate a segment of "At Risk" and potentially troubled youth in the habilitative and rehabilitation processes of growing up alcohol, tobacco and other drugs free, without violence and other anti-social behaviors patterns.

**BASIS OF PRESENTATION**

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 116 (SFAS No. 116), "Accounting for Contributions Received and Contributions Made" and Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. SFAS No. 116 requires contributions to be recognized as revenue when they are received or unconditionally pledged. SFAS No. 117, which eliminates the utilization of fund accounting for financial reporting purposes, requires net assets to be classified as either 1) unrestricted, 2) temporarily restricted, or 3) permanently restricted depending on limitations placed on the net assets.

**DONATED SERVICES**

Amounts have not been reported in the statements for donated services because they do not meet the criteria for recognition under SFAS No. 116. A substantial number of volunteers have donated significant amounts of their time to the Organization.

Contributions of service shall be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individual possessing those skills and would typically need to be purchased if not provided by donation.

**REVENUE RECOGNITION**

Contributions are recognized as revenue when they are received or unconditionally pledged.

**Conditions** - Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.



LOUIS JETSON FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

REVENUE RECOGNITION: CONTRIBUTIONS - Continued...

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purposes restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions receivable represent amounts committed by donors that have not been received by the Organization.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

PROPERTY AND EQUIPMENT

The purchase of property and equipment is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Equipment and vehicles are depreciated using the straight-line method over the estimated useful lives of 5 to 10 years.

LOUIS JETSON FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing Organization's various programs and supporting services have been summarized on a functional basis in the statement of support, revenue and expenses, and changes in fund balances. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMPARATIVE DATA

Comparative data for the prior year have been presented in the accompanying financial statements to provide an understanding of changes in the Clubs' financial position and operations. However, presentation of comparative data by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTE #2. CASH AND CASH EQUIVALENTS

The carrying value of the Organizations cash and cash equivalents is as follows as of June 30, 2001:

	<u>BOOK VALUE</u>	<u>BANK BALANCE</u>	<u>INSURED</u>	<u>AT RISK</u>
Demand Accounts	\$4,738	\$9,226	\$9,226	- 0 -

NOTE #3. RECEIVABLES

Grants receivable at June 30, 2001, consist of reimbursements for expenses incurred under the following programs:

<u>PROGRAM</u>	<u>AMOUNT</u>
Capital Area Human Services	\$10,468
Drug Free Schools	1,384
Total	<u>11,852</u>

Accounts receivable are written-off under the direct write-off method whereby bad debts are recorded when a receivable is deemed uncollectible. If they are subsequently collected they are recorded as miscellaneous income.

The direct charge-off method is not a material departure from GAAP as it approximates the valuation method.

LOUIS JETSON FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2001

**NOTE #4. EQUIPMENT**

Equipment is carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of five to ten years for equipment. Equipment consist of the following:

Equipment	\$47,159
Less: Accumulated Depreciation	(32,688)
	<hr/>
Equipment Book Value	14,471
	<hr/> <hr/>

**NOTE #5. LINE OF CREDIT**

The Foundation has a \$20,000 revolving line of credit with a local bank. As of June 30, 2001, the Foundation had \$2,900 outstanding and payable.

**NOTE #6. LEASE OBLIGATIONS**

The Organization rents space from the Fourth District Baptist Association and Southern Inn on a six month basis at \$400 per month each. Rental expense was \$9,200 for the year ended June 30, 2001.

**SUPPLEMENTAL INFORMATION**



# Donald C. DeVille

CERTIFIED PUBLIC ACCOUNTANT  
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BATON ROUGE, LOUISIANA 70810

MEMBER  
AMERICAN INSTITUTE CPAs  
LOUISIANA SOCIETY CPAs

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

October 26, 2001

Members of the Board of Directors  
Louis Jetson Foundation, Inc.  
Baton Rouge, Louisiana

I have audited the financial statements of the Louis Jetson Foundation Inc. as of and for the year ended June 30, 2001, and have issued my report thereon dated October 26, 2001. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### COMPLIANCE

As part of obtaining reasonable assurance about whether Louis Jetson Foundation's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards described in the accompanying Schedule of current year's findings.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing my audit, I considered Louis Jetson Foundation's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operations that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect its ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of current year's findings.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described in the Schedule of Current Year's Findings we considered the first finding to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, and state Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Dale C. Ruv-De*

LOUIS JETSON FOUNDATION, INC.  
SCHEDULE OF PRIOR YEARS FINDINGS  
YEAR ENDED JUNE 30, 2001

<u>REF</u> <u>NO.</u>	<u>FISCAL YEAR</u> <u>FINDING</u> <u>INITIALLY</u> <u>OCCURRED</u>	<u>DESCRIPTION OF FINDING</u>	<u>CORRECTIVE</u> <u>ACTION TAKEN</u> <u>(YES, NO, PARTIALLY)</u>	<u>CORRECTIVE</u> <u>ACTION/PARTIAL</u> <u>CORRECTIVE</u> <u>ACTION TAKEN</u>
1.	6-30-97	Recording of Petty Cash Transactions Need Improvement	Yes	The Outside CPA Has Established Procedures To Record Petty Cash Expenses.
2.	6-30-97	\$36,690 Unidentified Receipts & \$42,151 Unidentified Cash Disbursements.	Yes	Receipts & Disbursements were identified

LOUIS JETSON FOUNDATION, INC.  
SCHEDULE OF CURRENT YEARS'S FINDINGS  
YEAR ENDED JUNE 30, 2001

COMPLIANCE & INTERNAL CONTROL

**Reportable Condition:** In December 2000 and June 2001, vacation pay and bonuses totaling \$4,683 were paid, but no payroll taxes were taken out.

**Criteria:** Internal Revenue Service requires employment taxes to be withheld from all employee compensation.

**Cause:** The Foundation was following the instruction of their outside CPA.

**Effect:** The Foundation could be liable for back payroll taxes on the \$4,683.

**Recommendation:** I have talked with the outside CPA who will issue forms 1099 at year end.

\* \* \* \* \*

COMPLIANCE & INTERNAL CONTROL

**Reportable Condition:** I noted a check issued to "cash" (\$50) and two checks issued to vendors over the invoice thereby receiving cash back (\$2.16).

**Criteria:** Good accounting control prohibits the issuing of checks to "cash" and checks should never be issued over the invoice amount.

**Cause:** The check to "cash" was for petty cash. Checks over the invoice were written at the office and exceeded the estimated bill.

**Effect:** No material effect to the financial statements.

**Recommendation:** I recommend charge cards or checks brought to the vendors and then filled out for the amount of the invoice only.

\* \* \* \* \*

LOUIS JETSON FOUNDATION, INC.  
SCHEDULE OF CURRENT YEARS'S FINDINGS  
YEAR ENDED JUNE 30, 2001

COMPLIANCE & INTERNAL CONTROL

**Reportable Condition:** It was noted that cash was withdrawn from savings and used to pay bills with money orders. The money orders are not readily available.

**Criteria:** Good accounting control requires that there be an audit trail with adequate documentation.

**Cause:** The Foundation did not have an interest bearing checking account.

**Effect:** There is no material effect on the financial statements.

**Recommendation:** I recommend that the Foundation obtain an interest bearing checking account or transfer the funds from savings to a checking account where all cash disbursements are written.

\* \* \* \* \*

Corrective Action Plan

. Donald C. DeVille  
Certified Public Accountant  
7829 Bluebonnet Blvd.  
Baton Rouge, LA 70810

Pursuant to your June 30, 2001, audit findings we present the proposed corrective action plan.

All future wages will be paid out of the payroll system and forms 1099 will be issued at the end of 2001.

Checks will no longer be made payable to "cash" and checks will be issued for the invoice amount.





**Louis Jetson Foundation, Inc.**  
**Youth Enrichment Program**  
Corrective Action Plan

Donald C. DeVille  
Certified Public Accountant  
7829 Bluebonnet Blvd.  
Baton Rouge, LA 70810

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Checks will no longer be made payable to "cash" and checks will be issued for the invoice amount.